

## Message Text

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ACTION EUR-10

INFO OCT-01 SS-14 ISO-00 NEA-07 CIAE-00 INR-10 NSAE-00

RSC-01 EB-03 INT-01 FEA-01 NSC-10 NSCE-00 COME-00

TRSE-00 L-02 PM-03 DODE-00 AID-10 OMB-01 STR-01

CIEP-01 DRC-01 /077 W

----- 112954

R 281935Z JAN 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7475

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY JIDDA IUOW

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMEMBASSY TEHRAN

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 01256

LIMDIS

KUWAIT PASS DOHA AND MUSCAT

BEIRUT PASS BAGHDAD

E.O. 11652: XGDS-1

TAGS: PFOR, UK, XF

SUBJECT: LORD BALNIEL'S VISIT TO GULF STATES

REF: LONDON 0435 (NOTAL); STATE 013742

SUMMARY: BALNIEL DISCUSSED OIL EMBARGO AND PRICES WITH GULF PRODUCING STATES AND GOT FEELING THAT EDUCATIVE PROCESS LIKELY TO PRODUCE SOME FAVORABLE MOVEMENT IN TIME. BRITISH INTEND TO FOLLOW UP (THOUGH IT IS NOT CLEAR HOW SOON OR HOW) GULF STATE EXPRESSIONS OF DESIRE FOR OWN INDUSTRIALIZATION -- PRESUMABLY IN RETURN FOR OIL. SUCH TALKS HAVE NOT YET BEGUN, ACCORDING TO  
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OUR FCO SOURCE.

VISIT IMPRESSED BALNIEL WITH OMAN'S ECONOMIC HEALTH, ESPECIALLY SINCE HIGHER OIL REVENUES NOW EXPECTED. THERE WAS NO NEW MOVEMENT ON ABU DHABI FRONTIER WITH SAUDI ARABIA, THOUGH UAE FM SUWAIDI SPOKE AT LENGTH OF IMPORTANCE HE ATTACHES TO GOOD ARAB RELATIONS WITH IRAN, AND NEED TO DOWNPLAY GULF ISLANDS DISPUTE. END SUMMARY.

1. WE DEBRIEFED FCO ME DEPT. HEAD WRIGHT WHO ACCOMPANIED MINISTER OF STATE BALNIEL ON TOUR OF GULF STATES JANUARY 10-23.

2. IT WAS IMPOSSIBLE TO AVOID DISCUSSING OIL, THOUGH THAT WAS NOT PRIMARY PURPOSE OF TRIP, WRIGHT TOLD US. BALNIEL STRESSED DAMAGE OF CUTS AND OF HIGHER PRICES TO ECONOMIES OF DEVELOPING AS WELL AS DEVELOPED COUNTRIES. HE GOT NO COMMITMENTS BUT SENSED REASONABLENESS IN CONVERSATIONS WITH LEADERS OF AREA OIL PRODUCING STATES. IN PARTICULAR, KUWAITI PRIME MINISTER SAID IT WAS IMPOSSIBLE TO DISCUSS OIL EMBARGO WITH BALNIEL SINCE THAT WAS A POLITICAL MATTER, BUT QUESTION OF PRICES IS ECONOMIC AND COMMERCIAL MATTER WHICH IT IS POSSIBLE TO DISCUSS. (WRIGHT ASKED WE PROTECT THIS CONVERSATION.) WHEN IT CAME TO SPECIFICS, HOWEVER, WRIGHT TOLD US ALL LEADERS RESPONDED IN CUSTOMARY WAY, PLEADING INABILITY TO DO ANYTHING IN MATTER WHICH IS GOVERNED BY POLICY LAID DOWN BY ARABS AS A WHOLE.

3. LEADERS OF SEVERAL STATES MENTIONED THEIR DESIRE FOR GREATER INDUSTRIALIZATION. NO SPECIFIC PROPOSALS WERE MADE, AND WRIGHT ASSURED US, (IN RESPONSE TO OUR QUESTION) THAT NO BRITISH TALKS HAVE BEEN UNDER WAY WITH GULF STATES (AS DISTINCT FROM IRAN AND SAUDI ARABIA) DESPITE PRESS RUMORS. HOWEVER, WRIGHT SAID, INTEREST EXPRESSED BY THESE GULF STATES WILL BE FOLLOWED UP BY BRITISH. HE COULD NOT SAY HOW OR WHEN.

4. MAIN ORIGINAL PURPOSE OF TRIP -- SECURITY SITUATION IN AREA -- WAS DISCUSSED SATISFACTORILY. BALNIEL  
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AND WRIGHT WERE IMPRESSED BY CONTINUING ECONOMIC DEVELOPMENT IN OMAN, THEIR FIRST STOP. SULTAN QABOOS WAS MILDLY CRITICAL OF STATES (E.G. KUWAIT) WHICH OFFER ASSISTANCE TO PDRY WITHOUT GETTING SOMETHING IN RETURN. QABOOS HIMSELF HAD MET PDRY LEADERS IN ALGIERS AND TRIED TO TALK OF SETTLEMENT, WITHOUT RESULT. HOWEVER, HE DID NOT CONTEST BRITISH SUGGESTION THAT EFFORTS BY AREA STATES TO GET MORE INFLUENCE WITH PDRY MIGHT PAY

OFF IN LONG RUN.

5. BALNIEL ANNOUNCED INCREASE IN UK TECHNICAL ASSISTANCE TO OMAN (INCLUDING SPECIFIC GRANT FOR HOSPITAL IN MASIRAH). OUTLOOK FOR OMAN MUCH BRIGHTER IN VIEW DOUBLING OR EVEN TRIPLING OF REVENUE EXPECTED

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AMEMBASSY MANAMA

AMEMBASSY TEHRAN

C O N F I D E N T I A L SECTION 02 OF 02 LONDON 01256

LIMDIS

THIS YEAR DUE TO NEW OIL PRICES. ABU DHABI HAS TWO UNITS IN NORTHERN OMAN AND MAY ADD A THIRD. ONLY FROM KUWAITIS WAS THERE CRITICISM OF IRANIAN AND "OTHER" (E.G. BRITISH) FOREIGN ASSISTANCE TO OMAN, BUT KUWAITIS DID NOT ATTEMPT TO COUNTER THE ARGUMENT THAT THIS IS FAULT OF ARABS THEMSELVES WHO HAVE NOT HELPED OMAN ENOUGH. SOME ECHOED CRITICISM OF IRANIAN ASSISTANCE TO OMAN ALSO CAME FROM BAHRAINIS.

6. ON OTHER HAND, IT WAS INTERESTING THAT UAE FOREIGN MINISTER SUWAIDI WENT ON AT LENGTH ABOUT IMPORTANCE OF GOOD RELATIONS WITH IRAN AND THE NEED TO PLAY DOWN DISPUTE OVER GULF ISLANDS. BRITISH WERE AMUSED THAT ADNAN PACHACHI (ARCH-EXPONENT OF ARAB NATIONALIST LINE) WAS DOING THE INTERPRETING FOR THIS CONVERSATION, TO SUWAIDI'S EVIDENT ENJOYMENT.

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7. PRIOR TO DEPARTURE ON TRIP, BALNIEL HAD BEEN ASKED BY SAUDI ARABIA'S SAQQAF TO SEE IF HE COULD PRODUCE ANY MOVEMENT IN ABU DHABI ON QUESTION OF FRONTIER. HE WAS UNABLE TO DO SO. (COMMENT: AND WE SUSPECT HE DID NOT TRY VERY HARD.)

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, TECHNICAL ASSISTANCE, PETROLEUM INDUSTRY, DIPLOMATIC DISCUSSIONS, VISITS, EMBARGOES, FOREIGN TRADE, FOREIGN POLICY POSITION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 JAN 1974  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974LONDON01256  
**Document Source:** CORE  
**Document Unique ID:** 00  
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**Enclosure:** n/a  
**Executive Order:** X1  
**Errors:** N/A  
**Film Number:** n/a  
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**Image Path:**  
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**Line Count:** 191  
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**Office:** ACTION EUR  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** LIMDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** LIMDIS  
**Reference:** LONDON 0435 (NOTAL); STATE 013742  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 24 JUL 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <24-Jul-2001 by maustmc>; APPROVED <27 DEC 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** LORD BALNIEL'S VISIT TO GULF STATES  
**TAGS:** PFOR, UK, XF, (BALNIEL)  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005